

Local phone service choices growing...slowly

Five years have passed since Congress adopted the federal telecommunications act designed to open up local phone service to competition.

While the law has not delivered on all of its promises yet, customers, depending on their location and needs, are seeing more choices.

For instance, most areas of the state now have at least one or more providers of wireless telephone service. Some people are using their wireless phone as a replacement for their traditional service while others have chosen wireless as a second phone "line." The vast majority of people, however, do not yet consider wireless service as an alternative to their traditional wireline.

Last year, AT&T cable rolled out its phone service to targeted residential areas in King, Clark and Whatcom counties. Cable companies, with wires running through most of our country's urban and suburban areas, have often been considered a possible competitor to your existing phone company.

Most new service providers have targeted urban business areas. Competition for business customers has grown so strong in parts of Seattle, Bellevue, Vancouver and Spokane that the original local telephone company (Qwest) is now allowed to price its high-capacity business services with minimal UTC oversight. New phone companies also are competing for business customers in Yakima, Tacoma, Bellingham, Kirkland, Wenatchee, Puyallup, Olympia and Tri-Cities.

Even though most of us still do not have a choice in providers, these developments are encouraging. So you may as well get ready now by reading our primer on switching local phone service and other details about phone competition on Pages 4 and 5.

PSE settlement puts market rate issue to rest

Large electricity users that struggled with high market-based power rates last year have found relief in a settlement recently approved by the UTC.

A dozen large customers, including Boeing, Georgia-Pacific and Bellingham Cold Storage, have been paying Puget Sound Energy a rate for electricity that is based on the wholesale market price.

While the companies wanted this arrangement a few years ago when the market price was \$26 a megawatt hour, they found it intolerable when events last year pushed the price past \$700 per megawatt hour.

After complicated legal wrangling, PSE and the various companies presented a settlement to the commission that would allow all the companies to migrate off of the market-based rate.

The larger industrial customers will have the freedom to devise their own electricity supply solutions while the remaining market-priced customers will eventually move back to a stable fixed rate.

Before approving the settlement, the commission reviewed the details to ensure the deal would not disadvantage or harm PSE's other 900,000 business and residential customers.

Buy backs may help ease summer power crunch

To help relieve the pressure on our energy supply system this summer, electricity companies have put in place "buy back" programs for their larger customers.

Puget Sound Energy and Avista Corp. also are developing buy back programs for residential customers.

With wholesale prices ranging between 15 to 70 cents a kilowatt, buy back programs allow the utility and consumer to benefit financially by reducing electricity use. If customers can use less of their normal allotment of electricity, the utility can either avoid purchasing expensive power or sell that power on the open market.

For instance, Avista has an arrangement that pays irrigators 5 to 10 cents (depending on their size) for each kilowatt hour returned to Avista's system.

Buy back programs, along with other conservation measures, should help utility companies meet its energy load this summer especially at a time when the regional power market is extremely volatile and stream flows are way below normal levels.

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Number sharing plan may help eastern Washington

As western Washington residents brace for the advent of 10-digit dialing this fall, the UTC is taking steps to avoid a similar fate for eastern Washington.

The telecommunications industry has asked for a second area code in eastern Washington. Under the industry's plan, when the second area code is added, all customers in eastern Washington would have to dial 10-digits for local calls. This October, western Washington customers will have to dial 10 digits because of the addition of area code 564.

The request for a new area code is based on a forecast that 509 will run out of prefixes (the first three digits of your local number) in April 2002. But a shortage of prefixes does not mean that phone numbers are exhausted. The UTC estimates that less than half of the 509 numbers have been used.

Phone companies, particularly new firms just starting out, often cannot use all of the 10,000 numbers associated with a prefix. Similarly, rural communities are unable to use all numbers in their assigned prefix.

These numbers are essentially stranded unless they can be reassigned to another company or community that can use them. The process by which companies return stranded numbers to be reassigned is called number pooling and is still relatively new. The UTC initially looked at number pooling as a way of avoiding 10-digit dialing for western Washington. Unfortunately, the program could not be put in place soon enough to make a difference.

Last November, the UTC ordered phone companies to prepare a number pooling program for the 509 area code. Our goal is to either postpone or eliminate the need for a new area code.

In seeking federal authority to require number pooling for the 509 area code, the UTC argued that eastern Washington so far has seen few of the benefits of local competition and that regulators and the industry should use existing numbers as "efficiently as possible before imposing additional burdens on the public."

CONSUMER NEWS IN BRIEF

Qwest granted price flexibility with large customers

The UTC partially approved a Qwest proposal to eliminate price regulation of urban business customers' phone service. The WUTC approved the request only for Bellevue, Seattle, Spokane and Vancouver, and only for business services using high-capacity circuits. The phone company's larger-volume customers are served on a DS-1 or other higher-capacity circuits, which can carry up to 24 ordinary voice phone lines. The commission based its approval on a finding that effective competition exists in those market areas.

Affordable line extension rates adopted

Affordable rates for telephone line extensions are providing renewed hope for those who live just out of reach of the telephone network. The new rates complete a two-year effort to establish affordable prices for the extension of telephone service and to make the process easier for customers. The rates cap the amount companies can charge for a line extension to 40 times the monthly rate. Half of the amount is paid up front and the other half is paid over a period of 20 months.

Listen in on UTC hearings via internet

TVW, which occasionally broadcasts UTC meetings over its cable-access channel, is now providing audio recordings of UTC regular public meetings through its website. You can access the audio of these meetings as they happen or listen to the recordings. Go to the UTC audio page (wutc.wa.gov/audio) for a link to the live broadcast and recordings.

Bill Gillis leaves Commission

Bill Gillis, a UTC commissioner since Nov. 1994, has accepted a faculty position with Washington State University. A passionate supporter of rural telecommunications, Gillis is establishing a new "Center to Bridge the Digital Divide." The center's mission is to encourage the use of telecommunications technologies in creating jobs and public benefits to rural and low-income urban neighborhoods. The Governor has not yet announced a replacement for Commissioner Gillis. Chairwoman Marilyn Showalter and Commissioner Dick Hemstad remain.

UTC surfing made easier

The UTC's web site has some new features to help you find the information you need.

For consumers, we still recommend our headline stories that start on our home page (wutc.wa.gov). We also provide easy-to-use and extensive information through our consumer page (wutc.wa.gov/consumer).

But if you're looking for more details about one of the commission's rulemakings or hearings, we have new pages for you. All the commission's major hearings are now grouped on one page (wutc.wa.gov/hearings). Rulemakings are on a separate page (wutc.wa.gov/rulemakings).

If you know the docket number of the hearing or rulemaking, you can go straight to the page by adding the docket number to the end of our URL (e.g. wutc.wa.gov/001952).

If you want to review the active energy cases or learn more about net metering, restructuring or renewable power, our redesigned Energy page (wutc.wa.gov/energy) is a good start. Our telecommunications, transportation and pipeline safety pages also provide detailed information for those who wish to follow those industry activities more closely.

As always, you are able to view the UTC's open meeting documents, including recent filings, the agenda, orders and staff memos through its Open Meeting page (wutc.wa.gov/openmeetings).

You can reach all the pages listed above from our home page.

Do your homework before switching local phone service

After years of promises, an increasing number of residential customers are finding they finally have a choice in local telephone service.

Now the question is: ARE YOU READY!

Switching local phone service is a bigger deal than switching long-distance providers for the simple reason that your local service is your connection to all other phone services. Lose local phone service and you lose your connection to the network.

Before you decide to switch your local service, there are a number of questions you should ask yourself, as well as the company you're considering.

Will you really save money?

If you have looked at your phone bill in recent years, you know how difficult it is to compare rates. When considering a new provider, find out what charges are included and what charges are not. Ask for a sample bill so you can compare it with your current bill. Ask questions about anything you don't understand, particularly if you see charges on your current bill that are missing from the sample bill. Does this mean they are not charged or did they forget to include it?

Ask about the price for other services that you might eventually acquire. What are the new company's disconnection and deposit policies? And if you're unhappy with the service, will you be able to switch back at no charge?

Will you get the service you expect?

Be sure you understand what calls are free and what calls will be assessed a per-minute charge. If you have any features with your current service that you wish to keep, determine if they're available with the new service. Will you be able to use the long-distance carrier of your choice? Will you have to pay a minimum amount or take the service for a minimum period of time?

Are there any other restrictions? Will you be able to keep your phone number and will you be listed in the phone directory?

Some companies provide service over their own facilities while others lease and resell services from the former monopoly telephone company. Make sure you understand how they're delivering your phone service. Also determine whether you will need to acquire any equipment such as phone sets or wiring to handle the new service.

How will the switch be made?

Switching local service requires arrangements between your existing company and your future company.

Will you need to contact your existing phone company? How long will the switch take and how will you know when your new service starts? Make sure your new service starts before you disconnect your old service. What contingency does the new company offer in the event that your existing service is turned off before your new service can start? If the new company fails to meet its commitments, what compensation will you receive?

Customer Service

Get a good sense of how the company will handle your service needs and questions in the future. How will you be billed? Does the company provide a toll-free number for billing, customer service and repairs calls? How difficult it is to find a live person to help you with your problem when you call their customer service line?

Be Flexible

Keep in mind that no matter how reliable your new company is, problems can occur. Most customers switch without serious complications but technical glitches are not uncommon. Given how little experience we have in local phone service competition, a few problems should be expected.

Competition hinges on Qwest review

The UTC is in the middle of a lengthy process to determine whether Qwest Communications has met the federal legal requirements necessary to compete in the long-distance telephone service market.

The outcome has major implications on the success of local competition in our state.

When it acquired U S West last year, Qwest also acquired the former Bell company's long-standing legal restriction on entering the long-distance market.

Under the Telecommunications Act of 1996, Qwest and the other "baby Bells" can be free of the restriction only when they have opened their network to competitors.

The Federal Communications Commission will ultimately be the judge as to whether Qwest has met the 14-point competitive checklist outlined in the act. However, the UTC and public utility commissions from other states have a crucial advisory role in the decision.

For over a year, Qwest has been working with the UTC to assess its compliance with the federal checklist. Through a series of complex workshops on the operational and technical issues, local phone competitors have shared real-world examples of their problems in getting access to customers through Qwest's network. In turn, Qwest is given the chance to address those concerns. Many issues are resolved through these meetings while others require additional work.

Another part of the assessment involves testing the systems Qwest uses to take and process customer orders and repairs. By law, Qwest must deliver service to its competitors with the same quality and timeliness it provides its own retail customers. The test sends thousands of service and repair orders through Qwest's computer systems, measuring Qwest's speed and accuracy at filling them, and comparing that performance to its record with retail customers.

While the testing of these systems and the checklist review is expected to continue until at least late 2002, the process is already resulting in more opportunities for competitors.

Eventually, when the work is done, Qwest will be able to compete in the long-distance business and, more importantly, customers will have more choices in their telephone service.

Phone choices will evolve differently

Local phone service competition is evolving in different ways.

One way is from providers who are building out their competitive networks. These include, among others, wireless networks and cable systems upgraded to carry calls.

Another way is from the resale of the existing local telephone network. Companies buy phone service at wholesale from the former-monopoly phone company and resell it to customers--usually packaging other telecommunications services with it.

In between the complete network competitors and the resellers are the companies that are gradually building out their networks but still need to lease parts of the former-monopoly network to form a complete and competitive service.

For any of these companies to do business, they need to have access to the underlying phone network owned by the former monopoly telephone company.

The terms and conditions of this access are spelled out in interconnection agreements that each competitive company negotiates with the former monopoly company.

At this stage, most interconnection agreements have been worked out--at least in terms of the technical details. The unresolved issue is how do companies compensate each other when they use the other's network.

Compensation continues to be a topic of workshops and proceedings at the UTC. Interim rates are in place until this issue is resolved..

FREQUENTLY ASKED QUESTIONS

What can I do about the drought?

The Governor has declared a drought. It could be a tough summer for energy supplies, fish and wildlife, outdoor sports, agriculture and, of course, drinking water. Here are some things we can do at home to help us now and in the future.

Check for leaks

Check all faucets, pipes, and toilets regularly for leaks. One leak can drain up to 15 gallons of water a day, 105 gallons a week and 5,475 gallons a year. A leaky faucet might only need a new washer and a few minutes of your time to repair. Check for toilet leaks by putting 10 drops of food coloring into the tank. Wait 15 minutes and check for color seeping into the toilet bowl. If you see any color, your toilet has a leak and should be repaired immediately.

Go low-flow

Low-flow showerheads deliver 2.5 gallons of water per minute or less and are relatively inexpensive. Old showerheads use 5 to 7 gallons per minute. An ultra-low flow toilet uses only 1.6 gallons compared to 3.5 to 5 gallons per flush with older models. Simply screwing a low-flow aerator onto your existing faucets can save you. Low-flow faucet aerators use no more than 1.5 gallons per minute compared to 3 to 7 gallons per minute for a faucet without an aerator.

Try a Navy shower

Sailors were taught to conserve fresh water by turning their showers off after getting wet and turning them on only to rinse off. You can save simply by taking shorter showers. For long exposure to the water, a partially filled tub instead of a shower will use less water.

Turn off water when shaving or brushing

Don't let the water run when you brush your teeth, wash your face or hands, or shave.

This can save 3 to 7 gallons per minute.

Fill your dishwasher

Your dishwasher uses the same amount of water whether or not it is full. So, wait for a full load before running your dishwasher.

Don't wait for the right temperature

Letting the faucet run to get the water to the right temperature is wasteful. If you need to run your faucet before you get the water temperature right, capture that water before it goes down the drain. Put some in the fridge for drinking water. Use it to water plants, rinse dishes or to run your garbage disposal. Think of it as money coming out of your faucet and less will go down the drain unused.

Defrost food in the refrigerator

When defrosting food, plan ahead and thaw it in the refrigerator. Using warm water to quickly thaw food not only wastes water, it hurts the taste and texture of the food.

Select proper water level for laundry

Unlike your dishwasher, you can control the amount of water used by your clothes washers. Select the proper water level for each load of laundry. A front load washing machine uses 1/3 less water than a top loading machine.

Reuse fish tank water

Use fish tank water on your household plants. It's a good fertilizer.

**This article was prepared by Nancy Stanton
with our Consumer Affairs staff.**

How to cope with soaring gas rates

Wondering why your natural gas utility bills have gone up? Maybe you already have an opinion and you are looking for specifics on how to keep your cost down. State Librarian Mary Lu White has some reading suggestions that can shed light on what is happening with natural gas.

For starters, Mary Lu recommends **Residential Natural Gas Prices: What Consumers Should Know**, from the Energy Information Administration (EIA) of the U.S. Department of Energy. Avoiding technical terms and written in plain English, this publication explains a little bit about the natural gas commodity itself, why gas prices have risen recently, what you are paying for in your residential natural gas bill, and what you can do.

You can find the brochure along with an update on natural gas in the "Natural Gas" section of the EIA website at www.eia.doe.gov.

While you're on the web, check out the UTC's consumer information on this winter's natural gas rates, with some specifics for Avista, Puget Sound Energy, Northwest Natural Gas, and Cascade customers. Start at www.wutc.wa.gov and go to the Consumer Page Headlines.

For tips on how to save on those high gas bills, Mary Lu recommends the following: **Consumer Energy Information: Home, Work, School, Transportation**, available from the Energy Efficiency and Renewable Energy Clearinghouse (EREN).

Call toll-free 1-800-363-3732 or visiting their website at www.eren.doe.gov/consumerinfo.

Home Energy Saving Tips are a *new* resource available from the WSU Cooperative Extension

Energy Program in Olympia at www.energyideas.org or by calling 360-956-2237 or toll-free 1-800-872-3568. The tips are organized as follows:

- No Cost or Low Cost
- Steps That Cost More But Pay for Themselves in Two Years or Less
- Home Energy Improvements That Pay for Themselves in Two to Five Years
- Home Improvements That Take More Than Five Years to Pay for Themselves

You can also contact your natural gas company for energy-saving tips and for information about free energy audits for your home and business.

An excellent four-page article in the November 2000 issue of *Consumers' Research* magazine, "**Should You Change Your Heating System Fuel?**" explains that choosing the best fuel (in terms of price) is not as straightforward as it may seem at first. The article explains how fuels vary by energy content and heating systems vary in their ability to turn the fuel's stored energy into useful heat. Most public libraries can supply a copy of this article for you.

UTC website offers more energy savings tips

The UTC website is loaded with ideas on how to save energy, including a list of other websites with even more ideas and details.

For detailed consumer information, go our consumer page (www.wutc.wa.gov/consumer). We have put together a survival kit of information for energy customers. For energy conservation tips, try www.wutc.wa.gov/energysavings. If you prefer, we can send you a paper copy of the information.

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In This Issue

Learn about how more customers are getting a choice in local phone service and how you can make a good choice too. Also, catch up on our efforts to postpone 10-digit dialing in eastern Washington, and pick up some tips on conserving water and energy.

Free consumer publications for you. . .

Free Consumer Brochures

Guide to UTC Consumer Services
Guide to Utility Services
Guide to Garbage and Recycling Service
Guide to Household Movers

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